



REPUBLIC OF BOTSWANA

MINISTRY OF YOUTH EMPOWERMENT, SPORT AND CULTURE DEVELOPMENT

YOUTH DEVELOPMENT FUND GUIDELINES

YDF

June 2017

DEFINITION OF TERMS

YOUTH

Any person who falls within the age range 15 – 35 years. The applicant shouldn't have reached thirty-six (36) years at the time of application.

Target group will be young people aged 18- 35years.

OUT-OF-SCHOOL YOUTH

Any youth who is currently not attending school and/or enrolled in full-time training.

UNEMPLOYED YOUTH

Any youth who is not engaged in any form of employment or operating any form of business.

UNDEREMPLOYED YOUTH

Any youth who falls under the following:

- Employed on a part-time/full time basis and earning P2, 500 and below per month. Should such applicants be approved they will be required to resign from work.
- Applicants with existing businesses should produce any form of financial record (e.g. bank statement, financial statement, etc.) to account for the business' performance for the latest three (3) months.

DEDC

District Economic Development Committee. This is a government structure used at district level for adjudication of YDF applications

(Note: a salary slip and/or employment letter should be produced as proof of employment)

RECIPIENT/BENEFICIARIES

Youth who has been funded under the Youth Development Fund.

YOUTH INDUSTRY

refers to a business that is labour/capital intensive and or with high production yields owned and run by a minimum of 5 to 10 people.

COOPERATIVE

Refers to a group of young people with a minimum of 10 people and registered under Cooperatives.

FUND

Financial assistance provided to the youth beneficiaries as a combination of a 50% grant and a 50% interest-free loan.

GRANT

Refers to a portion of the Fund that is not repayable and whose continued enjoyment is dependent on the beneficiary's cooperation and strict adherence to stipulated terms and conditions of offer.

LOAN

A portion of the fund that is repayable without any interest. Interest only accrues in the event of payment default at the rate of 5% per month on the amount outstanding.

ASSETS

Items acquired for long-term use in the project (e.g. machinery, equipment, tools, furniture, breeding stock, transport vessels, etc.).

WORKING CAPITAL

Items required to support the business' daily operations (e.g. raw materials, office supplies, stationery, supplementary feed, fertilizers, pesticides, rent, wages/ salaries, water, electricity, fuel & lubricants, transport hire cost, etc.).

PROJECT COST

The amount required to acquire the project's assets and adequately cover the working capital requirements.

APPLICANT'S CONTRIBUTION

The applicant's personal contribution refers to applicant's input towards the project which could be material or monetary.

(Note: Where the contribution is in cash the applicant will be required to deposit the amount in the projects' business account. In the event asset(s) are pledged proof of ownership and the assets' condition have to be first ascertained).

GRACE PERIOD

Refers to the period within which the beneficiary is temporarily relieved the burden of servicing the Loan component with a view of enabling the business to stabilise its cashflow position.

BACKGROUND

The Ministry of Youth Empowerment, Sport and Culture Development (MYSC) has been mandated to undertake the process of empowering the youth holistically. One of the flagship programmes that the Ministry offers is the Youth Development Fund (YDF), which is a youth enterprise development and support initiative targeting start-up and or existing businesses owned and implemented by young people.

OBJECTIVES OF YOUTH DEVELOPMENT FUND (YDF)

- To promote active participation of youth in the socio-economic development of the country.
- To encourage the out of school, marginalised, unemployed and underemployed youth to venture into sustainable and viable income generating projects.

- To reduce rural-urban migration by making it attractive to start growth-orientated enterprises in rural areas.
- To create sustainable employment opportunities for young people through the development of sustainable projects.
- To promote the development of competitive, sustainable and growth-orientated citizen owned youth enterprises.

APPLICATION REQUIREMENTS

1.1 Assistance is available to prospective entrepreneurs who meet the following criteria:

- Botswana citizens aged 18-35 years
- Out-of-school-youth
- Unemployed youth
- Underemployed youth
- A Partnership of young people or a youth cooperative
- A legally registered business/company/cooperative that is owned by young citizens.

1.2 Funding will be availed to the following enterprises:

- Startups: ceiling being 100 000.00 with 50% grant & 50% interest free loan
- Youth industry/cooperative: ceiling being 450 000.00 with 50% grant & 50% interest free loan.

1.3 All projects should be conceptualised, initiated and implemented by eligible youth who shall be prepared to be involved in its running on a full-time basis.

1.4 The following projects will not be funded;

- Bar/ Bottle Store/Liquor Restaurant/ any other alcohol related projects.
- Micro Lenders
- Night Clubs
- Livestock Speculation
- Any other business that is not allowed by the laws of Botswana

1.5 The applicant should possess relevant knowledge and or experience to run the project. In the event where the foregoing has not been satisfied then the applicant should sufficiently demonstrate how the required technical expertise will be acquired.

1.6 Applicants who consider themselves technically competent but have not gone through any formal training will be required to take a competency test before DEDC decision making.

1.7 The applicant must demonstrate willingness to be guided and consult with relevant experts in organizing his/ her business idea.

1.8 All applications must be accompanied by the following mandatory documents:

- A cash-flow forecast statement covering all revenue and expenditure for a period of 12 months.
- Two (2) sets of quotations covering all items included in the proposed budget.
- A copy of valid license of operation (where applicable).
- Certified copies of valid Omang for all business partners.
- A letter of intent to lease or lease agreement in cases of operating businesses or proof of ownership thereof.
- Curriculum Vitae of all members/partners.
- Certified copies of vocational and or academic certificates or traceable references (where applicable)
- Copy of partnership deed, or cooperative constitution, or memorandum and articles of association (where applicable)
- Company resolutions for loan application
- Succession plan
- Certificates of business registration and shareholder's certificate should show full details (i.e. names and ages) of members. (Form 2 & 5 listing Company Directors) Certified copies of parents/guardians/spouse's Omang.
- Proof of market (letters of intent to buy from potential customers, market research report)
- The expert consultation form should be part of the YDF form as a guide to youth to consult with the relevant experts that are in line with their proposed projects (where applicable).
- For married applicants (in community of property) there should be written consent from the spouse
- ITC clearance report upon submission and this should be provided by the applicant.
- Applicants to provide documents confirming suitability of the proposed project site.

(Note: Proposals that are not accompanied by required documents shall not be accepted.)

1.11 Beneficiaries of other funding streams such as Out-of-School Youth Grant, Poverty Eradication Programmes and LIMID May be considered for funding upon submission of proof to the effect that they sustain their project operations over period of 12 months and that prospects of expansion are attractive provided that will be operating the same or complementary business.

(Note: A financial report/ statement or bank statement should be submitted as proof of the project's performance for the last three (3) months.

For self-financed businesses these should have been operation for at least six (6) months of operation and its financial report/bank statement be for last three (3) months).

1.12 The repayment periods for the loan component shall be as follows:

- Up to **P25, 000.00** shall not exceed 36 months
- From **P25, 001.00** to **P50, 000.00** shall not exceed 60 months
- From **P50, 001** to **P225, 000.00** shall not exceed 72 months

1.13 The grace period for the loan component shall not exceed 36 months and shall be as follows:

- Non-agricultural projects (services) – 6 months
- Poultry, Beekeeping, Fish Farming, birds, Rabbits, – 12 months
- Dry land farming, horticulture - 12 months
- Small Stock, piggery -18 months
- Snakes breeding, Crocodiles, Dog Breeding, Tswana chickens and guinea fowl – 12 months
- Horses, donkey breeding, Ostriches, Camels, Cattle – 36 months

1.14 Provision for working capital requirements will be guided by the nature of the business and is not linked to the working capital budget.

1.15 Applications should be submitted at MYSC District Offices that cover their respective place of operation and not at Head Office.

- 1.16 Attendance of the following workshops shall be a pre-requisite for applying; Business Awareness Creation, Entrepreneurship Development, and Business Planning. A waiver will be granted to applicants who have attended similar training seminars offered by reputable institutions.
- 1.17 All YDF Appeals should be lodged in writing to the Permanent Secretary, Ministry of Youth, Sport and Culture and channeled through the relevant MYSC District Offices within fourteen (14) working days from the date of the letter.
- 1.18 All the costs incurred before commencement of the business shall not be borne by the Fund.

Please Note: The Ministry shall, at its own discretion, fund unique business ideas from youth. Businesses to be considered should have proven potential to contribute significantly to the economic growth and the country's national priorities. Such proposals shall be assessed by the Districts and recommendations forwarded to the Ministry for consideration.

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— **YDF** —

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